

Evidence-Based Public Policy Options to Reduce Criminal Justice Costs and Crime Rates

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When incarceration rates increase 10%, research shows that crime rates go down about 3%. Yet incarceration is costly and in tight budget times, many states are looking for ways to spend less on prisons, save taxpayers' money, and still curb crime. The Washington Legislature requested a cost-benefit review of evidence-based rehabilitation and prevention programs to determine which reduce recidivism and can save money in the long run. Nineteen of the 29 programs for juvenile offenders and 12 of the 18 for adult offenders produced reductions in crime and benefits that outweighed the costs. Programs for juveniles produced especially attractive future economic returns. By implementing a portfolio of evidence-based programs, states are likely to keep the crime rate under control and, at the same time, lower the long-run costs of the local and state corrections systems.

Like many states, Washington faces the prospect of constructing new prisons—a big-ticket item in any state budget. In response, the 2005 Washington Legislature directed the Washington State Institute for Public Policy to assess whether there are “evidence-based” options that can reduce the future need for prison beds, save taxpayers’ money, and contribute to lower crime rates. For our review of what works to reduce crime, we analyzed prison needs and rehabilitation and prevention programs. Prisons and effective programs are both crime-fighting resources; the primary question for the study was what combination of prisons and programs could reduce crime for less cost to taxpayers? We did not review evidence-based policing strategies because it was outside the scope of the Legislature’s directive.

The Institute’s report was published in October 2006 and the 2007 Washington Legislature used the findings to alter substantially the State’s approach toward some criminal justice policies. The Legislature shifted funding away from some previous efforts that have not proven successful and moved those funds toward evidence-based, cost-beneficial programs. In addition to shifting funding, the 2007 Legislature also increased overall funding levels for some of the most economically attractive options in the Institute’s analysis. The Legislature expects a payoff for its action. As a result of these new investments, the Legislature now expects future criminal justice costs and prison bed levels to be lower than they otherwise would be. In effect, in 2007 Washington placed a fiscal bet on these options and now must deliver the results for the taxpayers who pay for the programs.

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Several trends prompted the Legislature's request for a study on how to avoid future prison costs. Prison incarceration rates had roughly tripled in Washington since the mid 1970s, from about 2 per 1,000 (ages 18 to 49) to 6 per 1,000 today. Washington's prison incarceration rate is currently only about 56% of the national rate; according to 2006 estimates, it is expected to increase another 23% by 2019.

To accommodate the increasing incarceration rate, the official forecasting agency in Washington was predicting the need for about 4,500 new prison beds by 2020 and 7,000 beds by 2030. Given that a new Washington prison houses about 2,000 offenders, this amounted to about two new prisons by 2020 and three and a half new prisons by 2030. At a cost of about \$250 million to build a prison and \$45 million per year in operating costs, the fiscal implications were significant.

The purpose of the Institute's study was to answer three legislative questions: (1) what works to reduce crime, (2) what are the economics of each option, and (3) whether alternative "portfolios" of evidence-based policy options could keep crime rates down and reduce costs to taxpayers. This chapter begins with a few basics on how incarceration affects crime rates.

How Does the Incarceration Rate Affect Crime Rates?

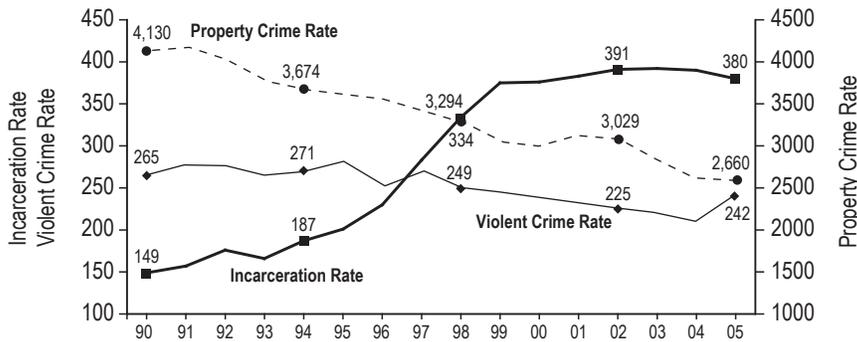
There is evidence that crime rates decline when states allocate more money to the criminal justice system. On average, increasing the number of police per capita and increasing incarceration rates decrease crime rates, particularly for certain types of crime.

A 10% increase in the incarceration rate leads to a 3.3% decrease in the crime rate.

To gauge the effect prison has on crime rates, we updated our econometric study on how state incarceration rates affect crime rates in Washington.¹ We found that a 10% increase (or decrease) in the incarceration rate leads to a statistically significant 3.3% decrease (or increase) in crime rates. Our estimated prison effect is consistent with other well-researched studies.² As incarceration rates increase more and more, however, diminishing returns begin to erode the corresponding reduction in crime. Furthermore, the effects vary significantly by the type of offenders incarcerated (violent, property, or drug offenders). In tight budget times, many states are looking for evidence-based options that can save money and still reduce crime.

Wisconsin Family Impact Seminar staff compiled some aggregate numbers for Wisconsin. In Figure 1, they show that when incarceration rates began to increase around 1997 and 1998, crime rates for violent offenses began to decrease slightly. Property offenses also decreased from 3,294 per 100,000 in 1998 to 2,660 in 2005. Of course, these results need to be examined in much more detail, but they do suggest a relation between incarceration rates and crime rates.

Figure 1. Wisconsin Incarceration and Crime Rates, 1990-2005
Per 100,000 population



Source: Figure compiled by Wisconsin Family Impact Seminar staff using data from the U.S. Department of Justice, Bureau of Justice Statistics. Crime rates: State-level crime trends database, *Reported Crime in Wisconsin*. Incarceration rates: *Prisoners in (Year)* bulletin. 1990-1993 data from Wisconsin Taxpayers Alliance.

Wisconsin's incarceration rate in 2005 was 380 per 100,000 people.

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Using Evidence-Based Programs to Guide Corrections Policy Decisions

Our analysis was conducted in three steps. The first step of our analysis addressed the question, “What works, if anything, to lower measured crime outcomes?” To answer this question, we analyzed 571 evaluations (mostly conducted in the United States) of adult corrections, juvenile corrections, and prevention programs. We determined what the evidence shows about the program’s ability to reduce future crime. The second step was to measure the economics of each program—did the benefits outweigh the costs? We estimated the costs and benefits of many of these programs to determine whether taxpayer dollars invested in the programs would save money in the future. Finally, we projected whether statewide implementation of alternative portfolios would affect the need to build prisons, reduce state and local costs, and cut crime rates.

Only rigorous studies were included in the analysis. For example, the evaluations had to include a comparison group that matched the characteristics of participants in the program group and received no treatment or the typical treatment. For adult and juvenile rehabilitation programs, we measured changes in recidivism (i.e., re-offense) rates. For the prevention programs, we measured the prevention of future crime. Evaluation studies of prevention programs typically measure several other outcomes in addition to crime. For example, child abuse, substance abuse, and educational outcomes are also often studied in prevention program evaluations. In Table 1, however, we show only the findings related to crime effects even though other positive (or negative) outcomes might have been found.

To make this information more useful to state policymakers, the 571 evaluations were categorized into 73 program types, such as vocational education in prison, Multidimensional Treatment Foster Care, adult drug courts, and juvenile boot camps. For example, 57 of the studies evaluated adult drug courts. These studies were statistically combined to determine drug courts’ effect on future crime and their costs and benefits. The results in Table 1 reflect the effect we expect for the “average” program. Some drug courts achieve better results, of course, and some achieve worse results. We found that the average adult drug court reduces the recidivism rate by 8%.

Table 1. Reducing Crime With Evidence-Based Options: What Works, and Benefits & Costs

Washington State Institute for Public Policy Estimates as of October, 2006	Effect on Crime Outcomes Percent change in crime outcomes and the number of evidence-based studies on which the estimate is based (in parentheses) (1)		Benefits and Costs (Per Participant, Net Present Value, 2006 Dollars)			
			Benefits to Crime Victims (of the reduction in crime) (2)	Benefits to Taxpayers (of the reduction in crime) (3)	Costs (marginal program cost, compared to the cost of alternative) (4)	Benefits (total) Minus Costs (per participant) (5)
Programs for People in the Adult Offender System						
Vocational education in prison	-9.0%	(4)	\$8,114	\$6,806	\$1,182	\$13,738
Intensive supervision: treatment-oriented programs	-16.7%	(11)	\$9,318	\$9,369	\$7,124	\$11,563
General education in prison (basic education or post-secondary)	-7.0%	(17)	\$6,325	\$5,306	\$962	\$10,669
Cognitive-behavioral therapy in prison or community	-6.3%	(25)	\$5,658	\$4,746	\$105	\$10,299
Drug treatment in community	-9.3%	(6)	\$5,133	\$5,495	\$574	\$10,054
Correctional industries in prison	-5.9%	(4)	\$5,360	\$4,496	\$417	\$9,439
Drug treatment in prison (therapeutic communities or outpatient)	-5.7%	(20)	\$5,133	\$4,306	\$1,604	\$7,835
Adult drug courts	-8.0%	(57)	\$4,395	\$4,705	\$4,333	\$4,767
Employment and job training in the community	-4.3%	(16)	\$2,373	\$2,386	\$400	\$4,359
Electronic monitoring to offset jail time	0%	(9)	\$0	\$0	-\$870	\$870
Sex offender treatment in prison with aftercare	-7.0%	(6)	\$6,442	\$2,885	\$12,585	-\$3,258
Intensive supervision: surveillance-oriented programs	0%	(23)	\$0	\$0	\$3,747	-\$3,747
Washington's Dangerously Mentally Ill Offender program	-20.0%	(1)	\$18,020	\$15,116	n/e	n/e
Drug treatment in jail	-4.5%	(9)	\$2,481	\$2,656	n/e	n/e
Adult boot camps	0%	(22)	\$0	\$0	n/e	n/e
Domestic violence education/cognitive-behavioral treatment	0%	(9)	\$0	\$0	n/e	n/e
Jail diversion for mentally ill offenders	0%	(11)	\$0	\$0	n/e	n/e
Life Skills education programs for adults	0%	(4)	\$0	\$0	n/e	n/e
Programs for Youth in the Juvenile Offender System						
Multidimensional Treatment Foster Care (v. regular group care)	-22.0%	(3)	\$51,828	\$32,915	\$6,945	\$77,798
Adolescent Diversion Project (for lower risk offenders)	-19.9%	(6)	\$24,328	\$18,208	\$1,913	\$40,623
Family Integrated Transitions	-13.0%	(1)	\$30,708	\$19,502	\$9,665	\$40,545
Functional Family Therapy on probation	-15.9%	(7)	\$19,529	\$14,617	\$2,325	\$31,821
Multisystemic Therapy	-10.5%	(10)	\$12,855	\$9,622	\$4,264	\$18,213
Aggression Replacement Training	-7.3%	(4)	\$8,897	\$6,659	\$897	\$14,660
Teen courts	-11.1%	(5)	\$5,907	\$4,238	\$936	\$9,208
Juvenile boot camp to offset institution time	0%	(14)	\$0	\$0	-\$8,077	\$8,077
Juvenile sex offender treatment	-10.2%	(5)	\$32,515	\$8,377	\$33,064	\$7,829
Restorative justice for low-risk offenders	-8.7%	(21)	\$4,628	\$3,320	\$880	\$7,067
Interagency coordination programs	-2.5%	(15)	\$3,084	\$2,308	\$205	\$5,186
Juvenile drug courts	-3.5%	(15)	\$4,232	\$3,167	\$2,777	\$4,622
Regular surveillance-oriented parole (v. no parole supervision)	0%	(2)	\$0	\$0	\$1,201	-\$1,201
Juvenile intensive probation supervision programs	0%	(3)	\$0	\$0	\$1,598	-\$1,598
Juvenile wilderness challenge	0%	(9)	\$0	\$0	\$3,085	-\$3,085
Juvenile intensive parole supervision	0%	(10)	\$0	\$0	\$6,460	-\$6,460
Scared Straight	+6.8%	(10)	-\$8,355	-\$6,253	\$58	-\$14,667
Counseling/psychotherapy for juvenile offenders	-18.9%	(6)	\$23,126	\$17,309	n/e	n/e
Juvenile education programs	-17.5%	(3)	\$41,181	\$26,153	n/e	n/e
Other family-based therapy programs	-12.2%	(12)	\$15,006	\$11,231	n/e	n/e
Team Child	-10.9%	(2)	\$5,759	\$4,131	n/e	n/e
Juvenile behavior modification	-8.2%	(4)	\$19,271	\$12,238	n/e	n/e
Life skills education programs for juvenile offenders	-2.7%	(3)	\$6,441	\$4,091	n/e	n/e
Diversion programs with services (v. regular juvenile court)	-2.7%	(20)	\$1,441	\$1,034	n/e	n/e
Juvenile cognitive-behavioral treatment	-2.5%	(8)	\$3,123	\$2,337	n/e	n/e
Court supervision vs. simple release without services	0%	(8)	\$0	\$0	n/e	n/e
Diversion programs with services (v. simple release)	0%	(7)	\$0	\$0	n/e	n/e
Juvenile intensive probation (as alternative to incarceration)	0%	(5)	\$0	\$0	n/e	n/e
Guided Group Interaction	0%	(4)	\$0	\$0	n/e	n/e
Prevention Programs (crime reduction effects only)						
Nurse Family Partnership-Mothers	-56.2%	(1)	\$11,531	\$8,161	\$5,409	\$14,283
Nurse Family Partnership-Children	-16.4%	(1)	\$8,632	\$4,922	\$733	\$12,822
Pre-K education for low-income 3- and 4-year-olds	-14.2%	(8)	\$8,145	\$4,644	\$593	\$12,196
Seattle Social Development Project	-18.6%	(1)	\$1,605	\$4,341	n/e	n/e
High school graduation	-10.4%	(1)	\$1,738	\$2,851	n/e	n/e
Guiding Good Choices	-9.1%	(1)	\$570	\$2,092	n/e	n/e
Parent-Child Interaction Therapy	-3.7%	(1)	\$268	\$784	n/e	n/e

Not shown in Table 1 are the 19 program types that we thought had inconclusive evidence at this time. You can find a full list of these programs, which include case management in the community for drug offenders, faith-based programs, and restorative justice programs for lower-risk offenders, in Exhibit 4 of the full report.³

Which Rehabilitation and Prevention Programs Reduce Crime?

As the information on Table 1 reveals, we found a number of programs that demonstrate statistically significant reductions in crime outcomes. We also found other approaches that do not achieve a statistically significant reduction in recidivism. Thus, the first lesson from our evidence-based review is that some programs work and some do not. A direct implication from these mixed findings is that public policies that reduce crime will focus resources on effective evidence-based programming, while avoiding ineffective approaches.

Column 1 of Table 1 shows the expected percent change in future crime for each of the program categories. The percentages indicate the average amount of change—compared to the participant getting no treatment or treatment as usual—that can be achieved by a typical program in that category. Some achieve better results than this, some worse. A negative percent change indicates that there is a statistically significant reduction in future crime. A zero percent change means that there is no statistically significant change in crime as a result of participation in the program. A few well-researched programs have a positive percent change, indicating that crime is expected to increase as a result of the program. Column 1 also reports the number of studies on which the estimates are based, in parenthesis.

A number of programs demonstrate reductions in crime. For example, we analyzed the findings from 25 well-researched studies of cognitive-behavioral therapy programs for adult offenders in prison and community settings. We found that, on average, these programs can be expected to reduce recidivism rates by 6.3%. To put this in perspective, our analysis indicates that, without a cognitive-behavioral program, about 63% of offenders will re-offend with a new felony or misdemeanor conviction within the next 13 years. If the same offenders had participated in the evidence-based cognitive behavioral program, the probability they would commit another crime drops to 59% (a 6.3% decrease from 63%).

For people in the adult offender system, 12 of the 18 types of programs we reviewed produced reductions in crime. Two adult offender programs show over 15% reduction in crime: intensive supervision—treatment oriented programs (16.7%) and Washington’s Dangerously Mentally Ill Offender program (20%), while the rest demonstrate a 4.3% to 9.3% drop in crime.

Nineteen of the 29 juvenile offender programs show a reduction in crime, ranging from 2.5% to 22%. Nine juvenile programs showed no effect, and one program—Scared Straight—actually showed a 6.8% increase in re-arrests.

Most of the programs in Table 1 are for general types of programming, such as drug treatment in prison or adult basic education in prison. We also report the results of several specific programs, such as a juvenile offender program called

One juvenile offender program actually shows a 6.8% increase in re-arrests.

Functional Family Therapy (FFT). The program involves an FFT-trained therapist working for about three months with a youth in the juvenile justice system and his or her family. Without the program, a youth has a 70% chance of committing another felony or misdemeanor within 13 years. Youth who participate in FFT are expected to have a 59% recidivism rate—a 15.9% decrease compared to their peers who did not participate.

The largest decrease in crime of the 73 program types we reviewed was found with a prevention program called Nurse Family Partnerships. In fact, each of the seven prevention programs we reviewed reduced crime. The Nurse Family Partnership program provides intensive visitation by nurses to low-income, at-risk women bearing their first child. The nurses continue to visit the home for two years after birth. The program has been shown to reduce the future crime of mothers by 56.2% and their children by 16.4%.

Both the Functional Family Therapy and Nurse Family Partnership programs, as well as several others in the table, are designated as Blueprint Model Programs by the Center for the Study and Prevention of Violence at the University of Colorado (<http://www.colorado.edu/cspv/blueprints/>).

Which Programs Show Net Benefits and Save Money?

The first question addresses “what works,” and the second question concerns economics. For many programs, we were able to calculate the cost of the program per participant, compared to the cost of the alternative (i.e., no treatment or treatment as usual). For some programs, we were unable to calculate the cost and, therefore, we were not able to produce a cost-benefit analysis.

For those programs demonstrating a reduction in crime in column 1, we also calculated the benefits of the reduction in crime. In our analysis, we take into account benefits to both taxpayers (in Washington) and crime victims. Taxpayers will spend less money on the criminal justice system when there is less crime. What’s more, crime victims will be spared monetary costs and reductions in quality of life.

Policymakers in other states should note that the costs and benefits conclusions are not necessarily reflective of their state. The estimates of the program *costs* are not state-specific, but the value of the *benefits* to taxpayers (column 3) are calculated for citizens in Washington State. For example, the value of benefits to taxpayers includes the cost of police, prosecutors, jail and supervision, which vary by state. The relative ranking of the net benefits (column 5), however, would likely stay roughly the same from state to state, even if the amounts changed.

Column 5 of Table 1 shows the “bottom line” estimate of the net benefit (or net loss) for each program. The programs are arranged so that those with the largest net benefit are listed first. Whereas there are many adult corrections programs that provide a favorable return, some programs for juvenile offenders produce particularly large benefits. This finding demonstrates the power of programs for juvenile offenders to affect the long-term need for prison construction and reduce future corrections budgets.

Programs for juvenile offenders produce particularly large benefits and can reduce future corrections budgets.

As an example of an adult offender program, the average cognitive-behavioral program costs about \$105 per offender to administer. These programs are typically run in groups of 10 to 15 people and involve 40 to 60 hours of therapeutic time. We estimate that the 6.3% reduction in recidivism rates generates about \$10,404 in benefits (in present value). Thus, the net value of the average evidence-based cognitive-behavioral program for adult offenders is \$10,299 per offender.

The Functional Family Therapy (FFT) for youth yields a higher net benefit of \$31,821. The average program costs, \$2,325 per juvenile participant, are due to the one-on-one time between the FFT therapist and the youth and his or her family. The 15.9% reduction in the recidivism rate generates \$34,146 in benefits to taxpayers and crime victims.

The Nurse Family Partnership program produces \$14,283 in net benefits related to the mothers and \$12,822 related to the children. The estimated total cost of the program per family for the crime reduction effects is \$6,142, which we obtained by prorating the actual total cost per family (\$9,827). We did not use the full program cost because the program, in addition to reducing crime, has been shown to reduce child abuse/neglect and increase educational test scores. The \$6,142 figure is an estimate of the crime-reduction portion calculated in one of our earlier studies of prevention programs.⁴

Some Programs Do Not Decrease Crime, But Can Still Save Money

Some programs produce no reduction in crime. This does not mean, however, that these programs are not economically viable options. For example, we included nine studies of electronic monitoring of adult offenders in our review and found no effect on re-offending. The average electronic monitoring program, which costs \$1,236, is likely implemented to offset the costs of more expensive resources such as increased use of jail time, which we estimate to cost \$2,107 per offender. Compared to the alternative, electronic monitoring saves criminal justice resources valued at \$807 per offender.

How Can Policymakers Use the Benefit-Cost Information to Create Evidence-Based Policy?

There are economically attractive evidence-based options in all three areas: adult corrections programs, juvenile corrections programs, and prevention programs. Per dollar of spending, several of the successful programs that reduce crime also produce favorable returns on investment. Public policies incorporating these options can yield positive outcomes and cost savings for a state.

The Washington legislature requested alternative implementation scenarios and their ability to reduce the future need for prison beds, save money for taxpayers, and contribute to lower crime rates. These scenarios, or portfolios, allowed the legislature to consider different combinations of options that have the ability to keep crime rates under control and, at the same time, lower the long-run fiscal costs of Washington's state and local criminal justice system. We estimated three sample scenarios, although other scenarios can easily be created.

The Functional Family Therapy program for youth produces a net benefit of \$31,821.

Current Level Portfolio, where we assume that evidence-based programs already being implemented in Washington are funded at the current level. The programs are not expanded to reach more eligible people and no new evidence-based programs are implemented. The first-year cost of this package amounts to about \$41 million.

Moderate Implementation Portfolio, where existing evidence-based programs already being implemented in Washington are expanded to reach 20% of the remaining eligible population. We estimate the first-year cost of this portfolio at \$63 million.

Aggressive Implementation Portfolio, where existing evidence-based programs already being implemented in Washington are expanded to reach 40% of the remaining eligible population. Our estimate of the first-year cost of this portfolio is \$85 million.

What Impacts do the Portfolio Options have on Prisons Beds, Incarceration Rates, and Taxpayers?

If a *moderate to aggressive* portfolio of evidence-based options is implemented, Washington citizens can benefit in several ways. A significant level of future prison construction can be avoided, state and local taxpayers can save about \$2 billion, and net crime rates can be lowered slightly. As already noted, the 2007 Washington Legislature used the Institute's findings to alter its current portfolio of crime-fighting resources. As a result of these actions, the current state forecast of future prison construction has changed.

The aggressive portfolio of evidence-based programs eliminated the need for any new prison building until at least 2030.

Future Prison Construction. The typical new prison in Washington houses about 2,000 offenders. As shown in Table 2, the previous (December 2006) prison bed forecast anticipated the need for 4,543 new beds (slightly more than two prisons) by 2020 and 7,024 beds (a third prison) by 2030. (The *current level portfolio* normally has the same figures as the current forecast. We report slightly lower numbers for prison beds because the projections made by the Caseload Forecast Council had not incorporated the full impact of some recent correctional programs.) The Institute's *moderate implementation portfolio* estimated that only about one new prison would need to be built by 2020. The *aggressive implementation portfolio* essentially eliminated the need for any new prison building until at least 2030.

Incarceration Rates. From 1980 to 2006, the prison incarceration rate in Washington grew 165%, from 2.3 prisoners per 1,000 people (age 18 to 49) to 6.1 people per 1,000. By 2020, the rate was forecasted to increase to 7.5. The *current level* and *moderate implementation portfolios* slow the rate of increase of incarceration through 2030, while the *aggressive portfolio* is expected to maintain an incarceration rate roughly equal to today's level through 2020 and dip below current levels by 2030.

State and Local Fiscal Costs. Between 2008 and 2030, Washington taxpayers could save from \$1.7 billion to \$2.4 billion with the *moderate* and *aggressive* portfolios, respectively. These estimates are the net savings after taxpayers pay the annual costs of implementing the evidence-based programs each year through 2030. The rate of return in 2006 dollars of the *moderate portfolio* is expected to

be 27%, with a \$2.55 benefit for each dollar invested. The *aggressive portfolio* produces a slightly higher \$2.60 return on each dollar invested.

Crime Rates. Each of the portfolios is expected to reduce the crime rate from current levels by 2020 and 2030. However, the *current level* portfolio uses more incarceration, whereas the *moderate* and *aggressive* portfolios use more evidence-based programs and produce less of an increase in incarceration.

All three of these portfolios, which represent real increases in the level of criminal justice funding, will reduce crime. The Institute estimates that all three portfolios will reduce crime rates in Washington about the same amount. Since each reduces crime about the same amount, the important difference relates directly to costs: the *moderate* and *aggressive* program expansion portfolios are cheaper than the *current level* portfolio, which relies more on incarceration. Thus, the policy question turns on costs; all three options reduce crime about the same amount, but some portfolios are considerably cheaper.

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Table 2. Estimated Effects of Three Portfolios on Prison Construction, State and Local Criminal Justice Costs, and Crime Rates

	Current Forecast (1)	Three Examples of Implementation Scenarios		
		Current Level Portfolio (2)	Moderate Implementation Portfolio (3)	Aggressive Implementation Portfolio (4)
Effects on the Prison Supply-Demand Gap				
Forecasted bed shortfall in 2020	4,543	3,821	1,988	208
Forecasted bed shortfall in 2030	7,024	5,955	3,331	306
Effects on Prison Incarceration Rate (prisoners per 1,000 18- to 49-year-olds)				
Historic rate: 1980	2.3	2.3	2.3	2.3
Historic rate: 1990	3.1	3.1	3.1	3.1
Historic rate: 2000	5.2	5.2	5.2	5.2
Historic rate: 2006	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>
Forecasted rate: 2020	7.5	7.3	6.7	6.1
Forecasted rate: 2030	7.7	7.3	6.6	5.8
Key Financial Outcomes for the Three Portfolios				
Benefits Minus Costs to Taxpayers (millions)		\$1,096	\$1,741	\$2,367
Return on Investment to Taxpayers		24%	27%	28%
Benefit-to-Cost Ratio to Taxpayers		\$2.45	\$2.55	\$2.60
First year cost of portfolio (millions)		\$41	\$63	\$85
First biennial budget cost of portfolio (millions)		\$83	\$127	\$171
Effect on Crime Rates in Washington (felony crimes per 1,000 Washington population)				
Historic Crime Rate: 1980		71	71	71
Historic Crime Rate: 1990		62	62	62
Historic Crime Rate: 2000		51	51	51
Historic Crime Rate: 2005		<u>52</u>	<u>52</u>	<u>52</u>
Forecasted Crime Rate: 2020		48	48	49
Forecasted Crime Rate: 2030		46	47	48

Note: All estimates by the Washington State Institute for Public Policy in October 2006.

Conclusion and Next Steps

We found that if Washington legislators adopted a *moderate to aggressive* implementation portfolio, a significant level of future prison construction could be avoided, state and local taxpayers could save about \$2 billion net, and crime rates can be lowered slightly. As noted, the 2007 Washington Legislature used these findings and funded a *moderate* level portfolio.

These findings do have limitations. Although the estimates were constructed cautiously, it is difficult to take programs to a larger scale. Washington's state and local governments will need to expand current evidence-based programs significantly under the two portfolios. Central to such an effort will be the policy review and management supervision necessary to hold the programs accountable for the anticipated savings in costs and reduced crime rates.

It is one thing to model these results carefully on a computer. However, it is quite another to make them happen in the real world. In particular, state policymakers undertaking an expansion of evidence-based programs may want to establish an ongoing oversight process of the expansion. To achieve the returns on investment predicted in our analysis, it is essential to competently deliver the programs and maintain program fidelity. We learned from Washington's experience with the Functional Family Therapy (FFT) program that when the program was not implemented competently, it did not reduce crime at all.⁵ On the other hand, when it was delivered as designed, the program produced outstanding returns on investment. Thus, safeguarding the state's investment in evidence-based programs requires monitoring program delivery and making corrective changes to achieve the cost savings described in this report. Washington is now taking specific steps to do this.

Safeguarding the state's investment in evidence-based programs requires monitoring program delivery.

Steve Aos is the Assistant Director of the Washington State Institute for Public Policy, an applied research group of the Washington State legislature. He has 31 years of experience in conducting cost-benefit analyses and in communicating the results to policymakers and the private sector in a wide range of public policy areas. His current work focuses on identifying and evaluating the costs and benefits of programs and policies that reduce crime, improve K-12 educational outcomes, decrease substance abuse, and reduce child abuse and neglect. One of his earlier cost/benefit analyses has been downloaded from the Web 32,000 times. He also has many years of experience in energy economics and regulatory policy. He received an M.S. from the University of California, Irvine.

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